

Wayne County Board of Education

FINANCIAL REPORT

June 30, 2014



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Wayne County Board of Education, North Carolina
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June 30, 2014

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Carr, Riggs & Ingram, LLC
2805 North Park Drive
Goldsboro, North Carolina 27532

Mailing Address:
P.O. Box 10588
Goldsboro, North Carolina 27532-0588

(919) 751-8297
(919) 778-0575 (fax)
www.cricpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Wayne County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Wayne County Board of Education, North Carolina as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Wayne County Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Wayne County Board of Education, North Carolina, as of June 30, 2014, and the respective changes in financial position, and, cash flows where applicable, thereof and the respective budgetary comparison for the General Fund, State Public School Fund and Federal Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Wayne County Board of Education's basic financial statements. The individual fund financial schedules and budgetary schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial schedules, budgetary schedules, and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial schedules, budgetary schedules, and the accompanying schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2014, on our consideration of the Wayne County Board of Education, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wayne County Board of Education, North Carolina's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 4, 2014

Wayne County Board of Education Management's Discussion and Analysis

This section of the Wayne County Board of Education's (*the Board*) financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2014. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- N C Legislators did not request a reversion of any funds.
- No reduction in local funding from the County of Wayne.

Overview of the Financial Statements

The audited financial statements of the Wayne County Board of Education consist of four components. They are as follows:

- *Independent Auditor's Report*
- *Management's Discussion and Analysis*
- *Basic Financial Statements*
- *Supplemental section that presents budgetary schedules*

Basic financial statements. The *Basic Financial Statements* include two types of statements that present different views of the Board's finances. The first is the *government-wide statements*. The government-wide statements are presented on the full accrual basis of accounting and include the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the Board's assets and liabilities. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds, proprietary funds, and fiduciary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary and fiduciary funds are presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit. The fund financial statements however, provide information on the financial resources of each of the Board's major funds.

Government-wide statements. The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Board's assets, deferred inflows of resources and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net position and how they have changed. Net position shows the difference between the Board's assets, liabilities and deferred inflows. This is one way to measure the Board's financial health or position.

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial position is improving or deteriorating.

Wayne County Board of Education Management's Discussion and Analysis

- To assess the Board's overall health, you need to consider additional non-financial factors such as changes in the county's property tax base and the condition of its school buildings and other physical assets.

The Board's activities are divided into two categories in the government-wide statements:

- **Governmental activities:** Most of the Board's basic services are included here, such as regular and special education, transportation, and administration. County funding and state and federal aid finance most of these activities.
- **Business-type activities:** The Board charges fees to help it cover the costs of certain services it provides. School food service is included here.

The government-wide statements are shown as Exhibits 1 and 2 of this report.

Fund financial statements. The fund financial statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds - not the Board as a whole. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law, such as the State Public School Fund
- The Board has established other funds to control and manage money for a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants fund.

Wayne County Board of Education has three types of funds:

Governmental Funds. Most of the Board's basic services are included in the governmental funds, which generally focus on two things - how cash and other assets can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, and the Federal Grants Fund.

The Governmental fund statements are shown as Exhibits 3, 4, and 5 of this report.

Proprietary Funds. Services for which the Board charges a fee are generally reported in the proprietary fund. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. Wayne County Board of Education has only one proprietary fund - an enterprise fund - the School Food Service Fund.

The Proprietary fund statements are shown as Exhibits 6, 7, and 8 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes supplementary information concerning the Board's individual fund statements. This information can be found beginning on page 40 of this report.

Wayne County Board of Education Management's Discussion and Analysis

Interdependence with Other Entities

The Board depends on financial resources flowing from, or associated with, the Federal Government, the State of North Carolina and the County of Wayne. Because of the dependency, the Board is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal, State, and County appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by a foreign government(s) and other holders of publicly held U.S. Treasury Securities.

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities and deferred inflows of resources by \$81,207,864 as of June 30, 2014. The largest component of net position is net investment in capital assets, of \$89,964,362. It comprises 111% of the total net position.

Following is a summary of the Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	06/30/14	06/30/13	06/30/14	06/30/13	06/30/14	06/30/13
Current assets	\$ 14,228,939	\$ 15,816,326	\$ 4,722,005	\$ 4,462,534	\$ 18,950,944	\$ 20,278,860
Capital assets	89,290,927	92,727,717	756,027	666,537	90,046,954	93,394,254
Total assets	103,519,866	108,544,043	5,478,032	5,129,071	108,997,898	113,673,114
Current liabilities	10,058,692	10,208,735	258,755	280,047	10,317,447	10,488,782
Long-term liabilities	17,149,149	17,918,824	243,880	246,313	17,393,029	18,165,137
Total liabilities	27,207,841	28,127,559	502,635	526,360	27,710,476	28,653,919
Deferred inflows of resources	79,558	64,603	-	-	79,558	64,603
Net investment in capital assets	89,208,335	92,562,534	756,027	666,557	89,964,362	93,229,091
Restricted net position	2,440,974	3,149,544	-	-	2,440,974	3,149,544
Unrestricted net position	(15,416,842)	(15,360,197)	4,219,370	3,936,174	(11,197,472)	(11,424,023)
Total net position	\$ 76,232,467	\$ 80,351,881	\$ 4,975,397	\$ 4,602,731	\$ 81,207,864	\$ 84,954,612

Note that net position decreased during the year. The decrease in the net position (4%) was due to an decrease in both current and capital assets in the governmental activities. Unrestricted net position increased in the business-type activities primarily because of an increase in both current and capital assets in the School Food Service fund. Also note that the Board carries capital assets for which Wayne County carries the offsetting debt.

The following table shows the revenues and expenses for the Board for the current fiscal year as compared to the revenue and expenses for the prior year.

Wayne County Board of Education Management's Discussion and Analysis

	Governmental Activities		Business-Type Activities		Total Primary Government	
	06/30/14	06/30/13	06/30/14	06/30/13	06/30/14	06/30/13
Revenues						
Program revenues:						
Changes for services	\$ -	\$ -	\$ 1,333,724	\$ 1,549,070	\$ 1,333,724	\$ 1,549,070
Operating grants & contributions	125,450,226	127,045,374	7,090,092	7,206,940	132,540,318	134,252,314
Capital grants & contributions	1,281,428	1,626,240	-	-	1,281,428	1,626,240
General revenues:						
Other revenues	21,950,779	31,779,154	9,131	7,396	21,959,910	31,786,550
Total revenues	148,682,433	160,450,768	8,432,947	8,763,406	157,115,380	169,214,174
Expenses						
Governmental activities:						
Instructional programs	121,475,301	126,159,517	-	-	121,475,301	126,159,517
Ancillary	12,780	-	-	-	12,780	-
System wide support	26,392,408	26,402,718	-	-	26,392,408	26,402,718
Non-programmed charges	370,000	350,000	-	-	370,000	350,000
Interest on long-term debt	476,753	493,236	-	-	476,753	493,236
Repayment of County debt issuance	1,071,428	1,071,428	-	-	1,071,428	1,071,428
Unallocated depreciation	2,944,044	2,755,373	-	-	2,944,044	2,755,373
Business-type activities:						
Food service	-	-	8,119,414	8,453,764	8,119,414	8,453,764
Total expenses	152,742,714	157,232,272	8,119,414	8,453,764	160,862,128	165,686,036
Transfers in (out)	(59,133)	(47,995)	59,133	47,995	-	-
Increase(decrease) in net position	(4,119,414)	3,170,501	372,666	357,637	(3,746,748)	3,528,138
Beginning net position	80,351,881	77,181,380	4,602,731	4,245,094	84,954,612	81,426,474
Ending net position	\$ 76,232,467	\$ 80,351,881	\$ 4,975,397	\$ 4,602,731	\$ 81,207,864	\$ 84,954,612

Total governmental activities generated revenues in excess of \$148 million while expenses in this activity totaled over \$152 million. Comparatively, revenues were over \$160 million and expenses totaled over \$157 million for the year ended June 30, 2013. After transfers to the business-type activities, the decrease in net position stands at approximately \$4.1 million at June 30, 2014, compared to an increase of over \$3.2 million in 2013. Instructional services expenses comprised 80% of total governmental-type expenses while system-wide support services made up 17% of those expenses. County funding comprised 19% of total governmental revenue while unrestricted state funding added an additional 1% for 2014. In 2013, county funding was 19%. Much of the remaining 80% of total governmental revenue for 2014 consists of restricted state and federal funds. This revenue represented a slightly lower percentage of total revenue than in 2013. Business-type activities generated revenue of \$8.4 million and had expenses of \$8.1 million. Net position increased in the business-type activities by over \$370,000 after the transfers in from the governmental activities of \$59,133.

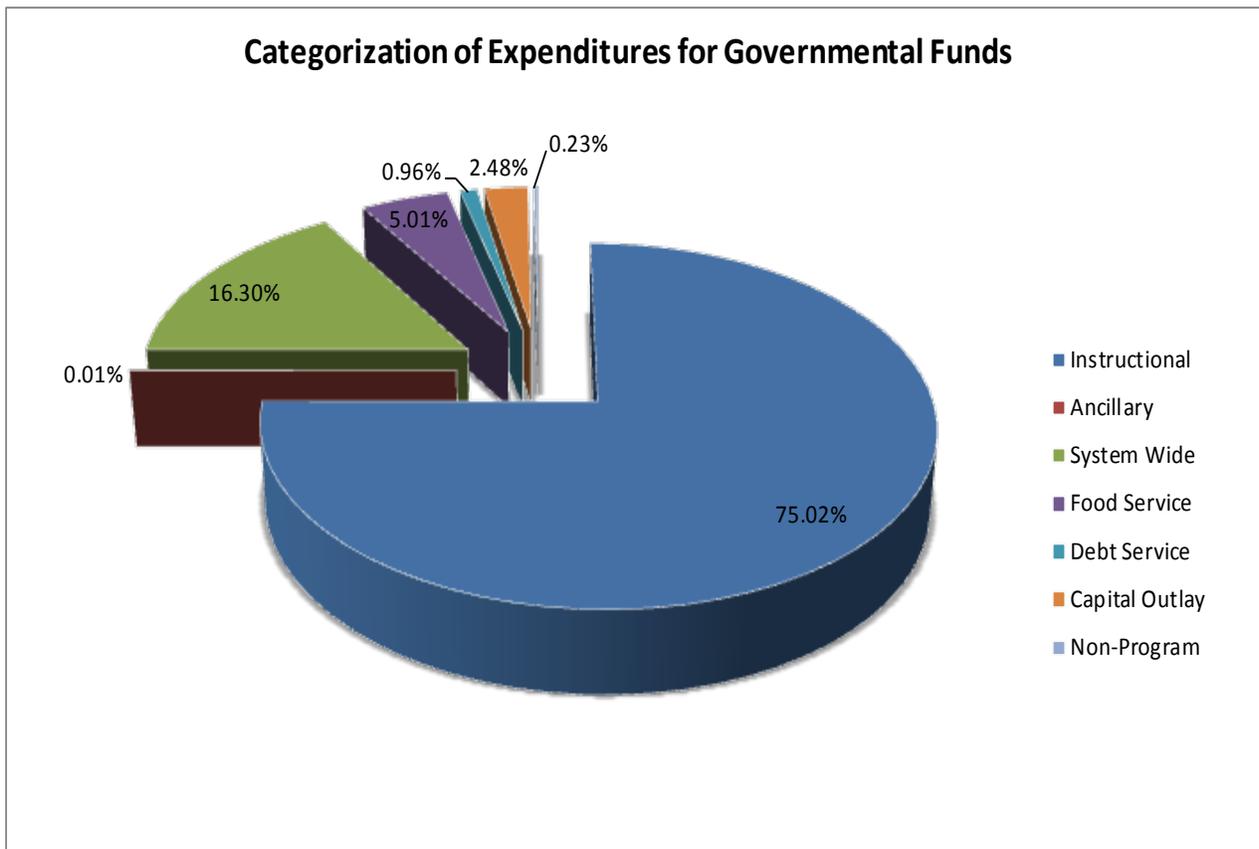
Wayne County Board of Education Management's Discussion and Analysis

Financial Analysis of the Board's Funds

Governmental Funds. The focus of Wayne County Board of Education's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board's financing requirements.

The Board's governmental funds reported a combined fund balance of more than \$7.6 million, a decrease of over \$1.3 million from last year.

Proprietary Fund. The Board's business-type fund performed at a profit this past year. The School Food Service Fund reflects a 8.1% increase in net position over last year. Total revenues remained fairly constant while the cost of salaries and food decreased by 3.1%.



Expenditures presented on modified accrual basis of accounting.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and to adjust appropriations in light of reduced revenue estimates due mainly to reduction in federal grants. With the reduction in revenues, the Board reduced expenditures; however there was still a deficit, which required the use of fund balance.

Capital Assets

Capital assets decreased by about \$3.3 million dollars (3.5%) from the previous year.

The following is a summary of the capital assets, net of depreciation at year-end.

Wayne County Board of Education Management's Discussion and Analysis

	Governmental Activities		Business-Type Activities		Total Primary Government	
	06/30/14	06/30/13	06/30/14	06/30/13	06/30/14	06/30/13
Land	\$ 3,382,538	\$ 3,172,538	\$ -	\$ -	\$ 3,382,538	\$ 3,172,538
Buildings	80,643,338	83,327,830	-	-	80,643,338	83,327,830
Equipment & furniture	1,149,223	1,341,968	756,027	666,557	1,905,250	2,008,525
Vehicles	4,115,828	4,885,381	-	-	4,115,828	4,885,381
Total capital assets	\$ 89,290,927	\$ 92,727,717	\$ 756,027	\$ 666,557	\$ 90,046,954	\$ 93,394,274

Debt Outstanding

During the year the Board's outstanding debt decreased by approximately \$690,000 due mainly to a decrease in the cost of compensated absences and principal payments of debt. The Board is limited by North Carolina General Statutes with regards to types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction.

Economic Factors

The Board anticipates enrollment to remain constant over the next several years. The County funding is a major source of income for the Board; therefore the County's economic outlook directly affects that of the school district. The following factors have affected the economic outlook of Wayne County.

- The unemployment rate dropped to 6.5% as compared to 8.5% last year.
- The County is currently not rated by Moody's, Standard and Poor's nor Fitch Ratings.
- Tax rate remains unchanged.
- Sales tax revenues remained constant.

Requests for Information

This report is intended to provide a summary of the financial condition of the Wayne County Board of Education. Questions or requests for additional information should be addressed to:

Beverly Boltinhouse, Finance Office
 beverlyboltinhouse@wcps.org
 Wayne County Board of Education
 2001 Royall Avenue
 Goldsboro, NC 27534



**Wayne County Board of Education, North Carolina
Board of Education and Key Staff**

Board of Education

John P. Grantham, Chairman

Christopher West, Vice Chairman

Patricia A. Burden

Dwight B. Cannon

Arnold L. Flowers

Richard W. Pridgen

Edward L. Radford

Administrative and Financial Staff

Steven D. Taylor, Superintendent

Beverly Boltinhouse, Finance Officer

Wayne County Board of Education, North Carolina
Statement of Net Position
June 30, 2014
Exhibit 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,406,498	\$ 4,096,168	\$ 12,502,666
Receivables (net)	4,662,012	413,622	5,075,634
Inventories	1,160,429	212,215	1,372,644
Capital assets (note 1):			
Land, improvements, and construction in progress	3,382,538	-	3,382,538
Other capital assets, net of depreciation	85,908,389	756,027	86,664,416
Total capital assets	89,290,927	756,027	90,046,954
Total assets	103,519,866	5,478,032	108,997,898
Liabilities			
Accounts payable & accrued expenses	748,230	82,529	830,759
Accrued salaries and wages payable	5,702,782	44,136	5,746,918
Prepaid meals	-	50,796	50,796
Long-term liabilities:			
Due within one year	3,607,680	81,294	3,688,974
Due in more than one year	17,149,149	243,880	17,393,029
Total liabilities	27,207,841	502,635	27,710,476
Deferred inflows of resources	79,558	-	79,558
Net position			
Net investment in capital assets	89,208,335	756,027	89,964,362
Restricted:			
Individual schools	1,206,461	-	1,206,461
Stabilization by state statue	280,429	-	280,429
School capital outlay	954,084	-	954,084
Unrestricted	(15,416,842)	4,219,370	(11,197,472)
Total net position	\$ 76,232,467	\$ 4,975,397	\$ 81,207,864

The accompanying notes are an integral part of these financial statements.

Wayne County Board of Education, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2014
Exhibit 2

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
Instructional programs:				
Regular instructional	\$ 74,334,124	\$ -	\$ 69,483,360	\$ -
Special populations	16,854,891	-	15,847,149	-
Alternative programs	11,194,239	-	11,104,418	-
School leadership	6,149,710	-	5,758,227	-
Co-curricular	4,044,559	-	3,317,391	-
School-based support	8,897,778	-	8,237,301	-
System-wide support services:				
Support and development	1,540,371	-	1,084,414	-
Special populations support and development	648,730	-	624,970	-
Alternative programs and services support	379,751	-	336,645	-
Technology support	648,696	-	503,317	-
Operational support	20,867,855	-	7,608,761	1,281,428
Financial and human resource	1,052,144	-	853,948	-
System-Wide Pupil Support	6,152	-	-	-
Policy, leadership & public relations	1,248,709	-	460,656	-
Ancillary	12,780	-	59,133	-
Non-programmed charges	370,000	-	170,536	-
Interest on long-term debt	476,753	-	-	-
Repayment of county debt issuance	1,071,428	-	-	-
Unallocated depreciation	2,944,044	-	-	-
Total governmental activities	152,742,714	-	125,450,226	1,281,428
Business-type activities:				
School food service	8,119,414	1,333,724	7,090,092	-
Total Primary government	\$ 160,862,128	\$ 1,333,724	\$ 132,540,318	\$ 1,281,428

General revenues:

Unrestricted county appropriations - operating

Unrestricted county appropriations - capital

Investment earnings, unrestricted

Miscellaneous, unrestricted

Transfers

Total general revenues and transfers

Total change in net position

Net position - beginning

Net position - ending

The accompanying notes are an integral part of these financial statements.

Wayne County Board of Education, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2014
Exhibit 2

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-Type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Total</u>
\$ (4,850,764)	\$ -	\$ (4,850,764)
(1,007,742)	-	(1,007,742)
(89,821)	-	(89,821)
(391,483)	-	(391,483)
(727,168)	-	(727,168)
(660,477)	-	(660,477)
(455,957)	-	(455,957)
(23,760)	-	(23,760)
(43,106)	-	(43,106)
(145,379)	-	(145,379)
(11,977,666)	-	(11,977,666)
(198,196)	-	(198,196)
(6,152)	-	(6,152)
(788,053)	-	(788,053)
46,353	-	46,353
(199,464)	-	(199,464)
(476,753)	-	(476,753)
(1,071,428)	-	(1,071,428)
(2,944,044)	-	(2,944,044)
<u>(26,011,060)</u>	<u>-</u>	<u>(26,011,060)</u>
-	304,402	304,402
<u>(26,011,060)</u>	<u>304,402</u>	<u>(25,706,658)</u>
19,017,994	-	19,017,994
1,383,297	-	1,383,297
24,099	9,131	33,230
1,525,389	-	1,525,389
(59,133)	59,133	-
<u>21,891,646</u>	<u>68,264</u>	<u>21,959,910</u>
(4,119,414)	372,666	(3,746,748)
80,351,881	4,602,731	84,954,612
<u>\$ 76,232,467</u>	<u>\$ 4,975,397</u>	<u>\$ 81,207,864</u>

The accompanying notes are an integral part of these financial statements.

Wayne County Board of Education, North Carolina
Balance Sheet – Governmental Funds
June 30, 2014
Exhibit 3

	Major Funds					Total Governmental Funds
	General	State Public School	Federal Grants	Capital Outlay	Individual Schools	
Assets						
Cash and investments	\$ 6,328,694	\$ -	\$ 70	\$ 949,839	\$ 1,206,461	\$ 8,485,064
Accounts receivable	136,520	-	-	-	-	136,520
Due from other funds	-	-	-	-	21,994	21,994
Due from other governments	143,909	4,024,828	352,510	4,245	-	4,525,492
Inventories	1,160,429	-	-	-	-	1,160,429
Total assets	\$ 7,769,552	\$ 4,024,828	\$ 352,580	\$ 954,084	\$ 1,228,455	\$14,329,499
Liabilities, deferred inflows of resources, and fund balances						
Liabilities:						
Accounts payable	748,230	-	-	-	-	\$ 748,230
Cash Overdraft	-	78,566	-	-	-	78,566
Accrued salaries & benefits	1,461,504	3,945,494	295,784	-	-	5,702,782
Due to other funds	21,994	-	-	-	-	21,994
Total liabilities	2,231,728	4,024,060	295,784	-	-	6,551,572
Deferred inflows of resources	-	768	56,796	-	21,994	79,558
Fund balances:						
Nonspendable						
Inventories	1,160,429	-	-	-	-	1,160,429
Restricted						
Stabilization by state statute	280,429	-	-	-	-	280,429
School capital outlay	-	-	-	954,084	-	954,084
Individual schools	-	-	-	-	1,206,461	1,206,461
Assigned						
Subsequent years expenditures	3,128,664	-	-	-	-	3,128,664
Unassigned	968,302	-	-	-	-	968,302
Total fund balances	5,537,824	-	-	954,084	1,206,461	7,698,369
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,769,552	\$ 4,024,828	\$ 352,580	\$ 954,084	\$ 1,228,455	

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 89,290,927

Some liabilities, including capital lease payable, compensated absences, and notes payable, are not due and payable in the current period and therefore are not reported in the funds. (20,756,829)

Net position of governmental activities **\$76,232,467**

The accompanying notes are an integral part of these financial statements.

Wayne County Board of Education, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
For the Fiscal Year Ended June 30, 2014
Exhibit 4

	Major Funds					Total Governmental Funds
	General	State Public School	Federal Grants	Capital Outlay	Individual Schools	
Revenues						
State of North Carolina	\$ 928,260	\$ 106,600,393	\$ -	\$ 1,364,019	\$ -	\$ 108,892,672
Wayne County	19,017,994	-	-	1,383,297	-	20,401,291
U.S. Government	1,075,759	-	13,610,548	-	-	14,686,307
Other	1,882,720	-	-	101,814	3,317,391	5,301,925
Total revenues	22,904,733	106,600,393	13,610,548	2,849,130	3,317,391	149,282,195
Expenditures						
Current:						
Instructional services:						
Regular	6,512,975	65,572,835	2,402,810	-	-	74,488,620
Special population	1,134,785	12,386,302	3,456,848	-	-	16,977,935
Alternative programs	1,038,207	3,997,818	6,179,249	-	-	11,215,274
School leadership	390,045	5,757,263	964	-	-	6,148,272
Co-curricular	794,193	-	-	-	3,246,851	4,041,044
School-based support	605,261	7,903,435	333,866	-	-	8,842,562
System-wide support services:						
Support and development	441,615	1,084,177	237	-	-	1,526,029
Special population support & development	-	35,522	589,448	-	-	624,970
Alternative programs & services						
Support & development	21,760	97,954	238,691	-	-	358,405
Technology support	124,657	503,317	-	-	-	627,974
Operational support	11,200,128	7,909,986	215,946	-	-	19,326,060
Financial and human resources	162,729	831,995	21,953	-	-	1,016,677
System-wide Pupil Support	5,576	-	-	-	-	5,576
Policy, leadership, and public relations	740,740	460,656	-	-	-	1,201,396
Ancillary	6,941	-	-	-	-	6,941
Non-program charges	370,000	-	170,536	-	-	540,536
Debt service:						
Principal	426,890	-	-	82,591	-	509,481
Interest & other charges	476,753	-	-	-	-	476,753
Capital outlay:						
Real property	-	-	-	1,593,361	-	1,593,361
Total expenditures	24,453,255	106,541,260	13,610,548	1,675,952	3,246,851	149,527,866
Excess (deficiency) of revenues over expenditures	(1,548,522)	59,133	-	1,173,178	70,540	(245,671)
Other financing sources (uses)						
Transfers from (to) other funds	-	(59,133)	-	-	-	(59,133)
Transfers to County for debt	-	-	-	(1,071,428)	-	(1,071,428)
Total other financing sources (uses)	-	(59,133)	-	(1,071,428)	-	(1,130,561)
Net change in fund balance	(1,548,522)	-	-	101,750	70,540	(1,376,232)
Fund balances, beginning	7,086,346	-	-	852,334	1,135,921	9,074,601
Fund balances, ending	\$ 5,537,824	\$ -	\$ -	\$ 954,084	\$ 1,206,461	\$ 7,698,369

The accompanying notes are an integral part of these financial statements.

Wayne County Board of Education, North Carolina
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2014
Exhibit 4

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$ (1,376,232)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by depreciation exceeded capital outlay in the current period.	(3,436,790)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net affect of these differences in the treatment of long-term debt and related items.	509,481
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	184,127

Total changes in net position of governmental activities	\$ (4,119,414)
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The accompanying notes are an integral part of these financial statements.

Wayne County Board of Education, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
For the Fiscal Year Ended June 30, 2014
Exhibit 5

	General Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
Revenues				
State of North Carolina	\$ 920,000	\$ 920,000	\$ 928,260	\$ 8,260
Wayne County	19,017,994	19,017,994	19,017,994	-
U.S. Government	1,536,911	1,536,911	1,075,759	(461,152)
Other	1,433,000	1,433,000	1,882,720	449,720
Total revenues	22,907,905	22,907,905	22,904,733	(3,172)
Expenditures				
Current:				
Instructional services:				
Regular	7,391,843	7,498,843	6,512,975	985,868
Special population	1,175,610	1,180,610	1,134,785	45,825
Alternative programs	1,065,318	1,065,318	1,038,207	27,111
School leadership	419,455	420,955	390,045	30,910
Co-curricular	794,194	794,194	794,193	1
School-based support	666,409	701,536	605,261	96,275
System-wide support services:				
Support and development	451,430	451,430	441,615	9,815
Special population support & development	15,000	15,000	-	15,000
Alternative programs and services support & development	800,637	25,859	21,760	4,099
Technology support	154,569	154,569	124,657	29,912
Operational support	12,380,040	11,492,898	11,200,128	292,770
Financial and human resources	195,680	195,680	162,729	32,951
System-wide Pupil Support	5,576	5,576	5,576	-
Policy, leadership, and public relations	851,389	851,389	740,740	110,649
Ancillary	7,313	7,313	6,941	372
Non-program charges	370,001	370,001	370,000	1
Debt service:				
Principal	-	426,890	426,890	-
Interest & other charges	-	476,753	476,753	-
Total expenditures	26,744,464	26,134,814	24,453,255	1,681,559
Revenues over (under) expenditures	(3,836,559)	(3,226,909)	(1,548,522)	1,678,387
Other financing sources (uses)				
Transfers in(out)				-
Fund balance appropriated	3,836,559	3,226,909	-	(3,226,909)
Total other financing sources (uses)	3,836,559	3,226,909	-	(3,226,909)
Net change in fund balance	-	-	(1,548,522)	(1,548,522)
Fund balances, beginning	-	-	7,086,346	7,086,346
Fund balances, ending	\$ -	\$ -	\$ 5,537,824	\$ 5,537,824

The accompanying notes are an integral part of these financial statements.

Wayne County Board of Education, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
For the Fiscal Year Ended June 30, 2014
Exhibit 5

State Public School Fund				Federal Grants Fund			
Original	Final	Actual	Variance with Final Budget-Positive (Negative)	Original	Final	Actual	Variance with Final Budget-Positive (Negative)
\$ 65,148,137	\$ 114,467,429	\$ 106,600,393	\$ (7,867,036)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	16,759,834	19,650,124	13,610,548	(6,039,576)
-	-	-	-	-	-	-	-
65,148,137	114,467,429	106,600,393	(7,867,036)	16,759,834	19,650,124	13,610,548	(6,039,576)
21,609,431	68,454,533	65,572,835	2,881,698	2,978,880	3,234,895	2,402,810	832,085
12,248,166	12,502,000	12,386,302	115,698	3,320,006	4,750,656	3,456,848	1,293,808
5,510,754	5,810,994	3,997,818	1,813,176	5,468,458	8,426,508	6,179,249	2,247,259
5,860,465	5,892,339	5,757,263	135,076	-	1,453	964	489
-	-	-	-	-	-	-	-
8,976,527	9,291,677	7,903,435	1,388,242	1,126,053	506,753	333,866	172,887
680,135	1,156,710	1,084,177	72,533	-	237	237	-
41,453	46,453	35,522	10,931	598,345	650,815	589,448	61,367
98,991	101,491	97,954	3,537	242,029	474,017	238,691	235,326
348,387	540,250	503,317	36,933	-	-	-	-
8,971,977	9,269,045	7,909,986	1,359,059	244,229	780,522	215,946	564,576
595,209	839,001	831,995	7,006	40,000	69,793	21,953	47,840
-	-	-	-	-	-	-	-
191,642	500,858	460,656	40,202	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,741,834	754,475	170,536	583,939
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
65,133,137	114,405,351	106,541,260	7,864,091	16,759,834	19,650,124	13,610,548	6,039,576
15,000	62,078	59,133	(2,945)	-	-	-	-
(15,000)	(62,078)	(59,133)	2,945	-	-	-	-
-	-	-	-	-	-	-	-
(15,000)	(62,078)	(59,133)	2,945	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Wayne County Board of Education, North Carolina
Statement of Net Position
Proprietary Fund
June 30, 2014
Exhibit 6

		Enterprise Fund
		Major Fund
		School Food Service
<hr/>		
Assets		
Current assets:		
Cash and cash equivalents	\$	4,096,168
Accounts receivable		176,222
Due from other governments		237,400
Inventories		212,215
Total current assets		4,722,005
<hr/>		
Noncurrent assets:		
Capital assets:		
Furniture and equipment, net		756,027
Total assets		5,478,032
<hr/>		
Liabilities		
Current liabilities:		
Current portion of compensation absences		81,294
Accounts payable		82,529
Accrued salaries & benefits		44,136
Prepaid meals		50,796
Total current liabilities		258,755
<hr/>		
Noncurrent liabilities:		
Compensated absences		243,880
Total liabilities		502,635
<hr/>		
Net position		
Net investment in capital assets		756,027
Unrestricted		4,219,370
Total net position	\$	4,975,397
<hr/>		

The accompanying notes are an integral part of these financial statements.

Wayne County Board of Education, North Carolina
Statement of Revenue, Expenses and Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2014
Exhibit 7

	Enterprise Fund Major Fund School Food Service
Operating revenues	
Food sales	\$ 1,315,253
Other operating revenues	18,471
Total operating revenues	1,333,724
Operating expenses	
Food costs	
Purchased food	2,471,735
Donated commodities	644,205
Salaries and benefits	4,053,009
Indirect cost	429,226
Materials and supplies	357,415
Utilities	32,359
Repairs and maintenance	37,192
Depreciation	33,886
Contracted services	49,496
Other	10,891
Total operating expenses	8,119,414
Operating loss	(6,785,690)
Non-operating revenues (expenses)	
Federal reimbursement	6,429,472
Federal commodities	644,205
State reimbursement	16,415
Interest earned on investments	9,131
Total non-operating revenues	7,099,223
Income before transfers	313,533
Transfers from other funds	59,133
Change in net position	372,666
Total net position - beginning	4,602,731
Total net position - ending	\$ 4,975,397

The accompanying notes are an integral part of these financial statements.

Wayne County Board of Education, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2014
Exhibit 8

		Enterprise Fund Major Fund School Food Service
Cash flows from operating activities		
Cash received from customers	\$	1,277,580
Cash paid for goods and services		(3,427,096)
Cash paid to employees for services		(3,997,201)
Other operating revenues		18,471
<hr/>		
Net cash used in operating activities		(6,128,246)
Cash flows from noncapital and related financing activities		
Federal reimbursements		6,375,656
<hr/>		
Cash flows from capital and related financing activities		
Acquisition of capital assets		(123,355)
<hr/>		
Cash flows from investing activities		
Earned on investments		9,131
<hr/>		
Net increase in cash and cash equivalents		133,186
<hr/>		
Cash and cash equivalents at beginning of year		3,962,982
<hr/>		
Cash and cash equivalents at end of year	\$	4,096,168
<hr/> <hr/>		
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$	(6,785,690)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation		33,886
Donated commodities consumed		644,205
Salaries paid by special revenue funds		59,133
Change in assets and liabilities		
Increase in accounts receivable		(37,673)
Increase in inventories		(18,382)
Decrease in accounts payable		(26,112)
Increase in prepaid meals		5,712
Decrease in salaries & benefits		(3,325)
<hr/>		
Total adjustments		657,444
<hr/>		
Net cash used in operating activities	\$	(6,128,246)
<hr/> <hr/>		

The accompanying notes are an integral part of these financial statements.

Wayne County Board of Education, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2014
Exhibit 8

Non-cash capital and related financing activities

The State Public School Fund paid salaries and benefits of \$59,133 to administrative personnel of the School Food Service Fund during the fiscal year. The payments are reflected as a transfer in and an operating expense on Exhibit 7.

The School Food Service Fund received donated commodities with a value of \$644,205 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$644,205 worth of donated commodities during the fiscal year as an operating expense. These transactions are recorded on Exhibit 7.

Capital assets with a cost of \$15,287 and a carrying value of \$0 were disposed of and removed from the School Food Service Fund records. No gain or loss resulted from this transaction.

The accompanying notes are an integral part of these financial statements.

Wayne County Board of Education, North Carolina
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2014
Exhibit 9

	Private Purpose Trust
<hr/>	
Assets	
Cash	\$ 468,312
Accounts receivable	136
Due from other government	5
<hr/>	
Total assets	468,453
<hr/>	
Liabilities	-
<hr/>	
Net position	
Assets held in trust for private purpose	\$ 468,453
<hr/> <hr/>	

The accompanying notes are an integral part of these financial statements.

Wayne County Board of Education, North Carolina
Statement of Changes in Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2014
Exhibit 10

	Private Purpose Trust
<hr/>	
Additions	
Contributions and other revenue	\$ 3,428
Deductions	
Non-program charges-community service	7,780
<hr/>	
Change in net position	(4,352)
Total net position - beginning	472,805
<hr/>	
Total net position - ending	\$ 468,453
<hr/>	

The accompanying notes are an integral part of these financial statements.

Wayne County Board of Education Notes to Financial Statements

NOTE I. Summary of Significant Accounting Policies

The accounting policies of Wayne County Board of Education, North Carolina conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Wayne County Board of Education, North Carolina (the Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Wayne County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity.

B. Basis of Presentation, Basis of Accounting

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the Board. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the governmental and business-type activities of the Board. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Board and for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds, including its fiduciary fund. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. The fiduciary fund is presented separately.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Board reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426].

State Public School Fund. The State Public School Fund includes appropriations from the Department of Public Instruction for the current operating expenditures of the public school system.

Federal Grants Fund. The Federal Grants Fund is used to account for various programs and grants, which the federal government provided to the local administrative unit.

Individual Schools Fund. The Individual Schools Fund includes revenues and expenditures of the activity funds of the individual schools. The primary revenue sources include funds held on the behalf of various clubs and organizations, receipts from athletic events, and proceeds from various fund raising activities. The primary

Wayne County Board of Education Notes to Financial Statements

expenditures are for athletic events, club programs, activity buses, and instructional needs. The Individual Schools Fund is reported as a special revenue fund.

Capital Outlay Fund. The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). It is mandated by State law [G.S.115C-426]. Capital projects are funded by Wayne County appropriations, restricted sales tax monies, proceeds of Wayne County bonds issued for public school construction, lottery proceeds, as well as certain Federal and State assistance.

The Board reports the following major enterprise fund:

School Food Service Fund. The School Food Service Fund is used to account for the food service program within the school system.

The Board reports the following fiduciary fund:

Administrative Fund. The Administrative Fund is used to account for scholarship money under the control of the Board for the benefit of students in the district.

C. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move monies from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Wayne County Board of Education

Notes to Financial Statements

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Fund Equity

1. Deposits and Investments

All deposits of the Board are made in board-designated official depositories and are secured as required by State law [G.S. 115C-444]. The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit. The Board also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. The STIF consists of an internal portion and an external portion in which the board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

2. Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. The inventories of the Board's General Fund consist of expendable materials and supplies, which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

4. Capital Assets

The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1950 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Wayne County holds title to certain properties, which are reflected as capital assets in the financial statements of the Board. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board give the school system full use of the facilities and full responsibility for maintenance of the facilities, and provide that the County will convey title of the property back to the Board, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

Wayne County Board of Education Notes to Financial Statements

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings	50
Improvements	10
Equipment and furniture	5
Vehicles/Buses	6/10
Computers	3

Depreciation for building and equipment that serve multiple purposes cannot be allocated ratably and is therefore reported as “unallocated depreciation” on the Statement of Activities.

5. Deferred Inflows of Resources

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has one item that meet this criterion - sales tax refunds receivable in the Special Revenue funds.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

7. Compensated Absences

The Board follows the State’s policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board’s liability for accumulated earned vacation and the salary-related payments as of June 30, 2014 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate of the current portion of compensated absences based on prior years’ records has been made.

The sick leave policy of the Board provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

8. Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Wayne County Board of Education Notes to Financial Statements

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute (G.S. 115C-425(a)).

Restricted for School Capital Outlay – portion of fund balance that can only be used for School Capital Outlay. (G.S. 159-18 through 22)

Restricted for Individual Schools – revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fund raising activities for which they were collected.

Assigned fund balance – portion of fund balance that Wayne County Board of Education intends to use for specific purposes.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the superintendent to modify the appropriations by resource or appropriation within funds up to \$100,000.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Wayne County Board of Education has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

9. Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$68,534,098 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 163,651,502
Less accumulated depreciation	(74,360,575)
Net capital assets	89,290,927
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds, leases, and installment financing	(8,852,433)
Compensated absences	(11,904,396)
	(20,756,829)
Total adjustment	\$ 68,534,098

Wayne County Board of Education Notes to Financial Statements

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(2,743,182) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 322,597
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements	(3,759,387)
Principal payments on the debt owed are recorded as a use of funds on the fund statements but affect only the Statement of Net Position in the government-wide statements	509,481
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	184,127
Total adjustment	\$ (2,743,182)

Note II. Detail Notes on All Funds

A. Assets

1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The board has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method

Wayne County Board of Education Notes to Financial Statements

financial institutions and to monitor them for compliance. The Board complies with the provisions of G.S. 158-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2014, the Board had deposits with banks and savings and loans with a carrying amount of \$6,411,926 and with the State Treasurer a carrying amount of \$(78,496). The bank balances with the financial institutions and the State Treasurer were \$6,714,066 and \$1,709,155, respectively. Of these balances, \$1,150,331 was covered by federal depository insurance and \$7,272,891 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2014, the Board of Education had \$6,637,548 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 at June 30, 2014. The Board has no policy for managing interest rate risk or credit risk.

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2014, were as follows:

	Due from other funds (internal balances)	Due from other governments	Other	Totals
Governmental activities:				
General fund	\$ (21,994)	\$ 143,909	\$ 136,520	\$ 258,435
Other governmental activities	21,994	4,381,583	-	4,403,577
Total	\$ -	\$ 4,525,492	\$ 136,520	\$ 4,662,012
Business-type activities:				
School Food Service	\$ -	\$ 237,400	\$ 176,222	\$ 413,622

Due from other governments consists of the following:

Governmental activities:			
General Fund	\$	143,909	Miscellaneous sales tax revenue
State Public School Fund		4,024,060	Operating funds from DPI
State Public School Fund		768	Miscellaneous sales tax revenue
Capital Outlay Fund		4,245	Miscellaneous sales tax revenue
Federal Grants Fund		295,714	Federal grants funds
Federal Grants Fund		56,796	Miscellaneous sales tax revenue
Total	\$	4,525,492	
Business-type activities:			
School Food Service	\$	15,612	Miscellaneous sales tax revenue
School Food Service		221,788	Federal grants fund
Total	\$	237,400	

Wayne County Board of Education Notes to Financial Statements

4. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

Description	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,172,538	\$ 210,000	\$ -	\$ 3,382,538
Total capital assets not being depreciated	3,172,538	210,000	-	3,382,538
Capital assets being depreciated:				
Buildings	141,481,777	-	-	141,481,777
Equipment and furniture	3,088,060	89,319	-	3,177,379
Vehicles	15,966,661	23,278	380,131	15,609,808
Total capital assets being depreciated	160,536,498	112,597	380,131	160,268,964
Less accumulated depreciation for:				
Buildings	58,153,947	2,684,492	-	60,838,439
Equipment and furniture	1,746,092	282,064	-	2,028,156
Vehicles	11,081,280	792,831	380,131	11,493,980
Total accumulated depreciation	70,981,319	3,759,387	380,131	74,360,575
Total capital assets being depreciated, net	89,555,179			85,908,389
Governmental activity capital assets, net	\$ 92,727,717			\$ 89,290,927

Depreciation expense was charged to governmental functions as follows:

Unallocated depreciation	\$ 2,944,044
Regular instructional	51,787
Special instructional	11,804
Alternative programs	7,797
Co-curricular	2,809
School-based programs	6,148
Support and development	44,202
Special population support	18,102
Alternative program support	10,381
Technology support	18,190
Operational support	559,784
Financial support	29,448
Policy and leadership support	50,617
Total	\$ 3,759,387

Wayne County Board of Education Notes to Financial Statements

Description	Beginning Balances	Increases	Decreases	Ending Balances
<u>Business-type activities:</u>				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and office equipment	\$ 4,214,204	\$ 123,355	\$ 15,287	\$ 4,322,272
Total capital assets being depreciated	4,214,204	123,355	15,287	4,322,272
Less accumulated depreciation for:				
Furniture and office equipment	3,547,646	33,886	15,287	3,566,245
Total accumulated depreciation	3,547,646	33,886	15,287	3,566,245
School Food Service capital assets, net	\$ 666,558			\$ 756,027

B. Liabilities

1. Pension Plan Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. Wayne County Board of Education, North Carolina contributes to the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS provides retirement benefits to plan members and beneficiaries. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary and the Board is required to contribute at an actuarially determined rate. The current rate is 8.69% of annual covered payroll. The contribution requirements of plan members and Wayne County Board of Education, North Carolina are established and may be amended by the North Carolina General Assembly. The Board's contributions to TSERS for the years ended June 30, 2014, 2013, and 2012 were \$7,516,551, \$7,391,060, and \$6,606,038, respectively, equal to the required contributions for each year.

b. Other Post-employment Benefits

Healthcare Benefits

Plan Description. The postemployment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

The State of North Carolina issues a publicly available financial report that includes financial statements and

Wayne County Board of Education Notes to Financial Statements

required supplementary information for the State's Comprehensive Major Medical Plan (also, referred to as the State Health Plan). An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

Funding Policy. The Comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establish premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2014, 2013, and 2012, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$4,670,814, \$4,719,592, and \$4,439,542, respectively. These contributions represented 5.3%, 5.0%, and 4.9%, of covered payroll, respectively.

Long-term Disability Benefits

Plan Description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as an other postemployment benefit from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The Plan accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The plan does not provide for automatic post-retirement benefit increases.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the DIPNC. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

Funding Policy. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System of North Carolina, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

Wayne County Board of Education Notes to Financial Statements

The monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled. The monthly benefit shall be further reduced by the amount of any monthly payments from the Department of Veterans Affairs, any other federal agency or any payments made under the provisions of G.S.127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided in any event, the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS. For members who obtain five years of membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which you might be entitled should you become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved for and are in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other post employment benefit. For the fiscal years ended June 30, 2014, 2013, and 2012, the Board paid all annual required contributions to the DIPNC for disability benefits of \$380,585, \$391,815, and \$461,712, respectively. These contributions represented 0.44%, 0.44%, and 0.52% of covered payroll, respectively.

Other-Employment Benefits

In addition to providing pension and post employment healthcare benefits, the Board provides disability benefits and death benefits, in accordance with State statutes, to certain employees. Death benefits are provided through the Benefit Plan for members of the Teachers' and State Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership service in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's highest 12 months salary in a row during the 24 months prior to his or her death. The Death Benefit will be at least \$25,000 and a maximum of \$50,000.

Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (Disability Income Plan), a multiple-employer State-administered cost-sharing plan, which also is funded on a one-year term cost basis. Long-term disability benefits are payable from the Disability Income Plan after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled.

All short-term disability benefit payments are made by various State-administered plans. The Board has no liability beyond payment of monthly contributions except for short-term disability benefits, which are paid by the Board during the first six months of the short-term period. For the fiscal years ended June 30, 2014, 2013, and 2012, the Board paid all annual required contributions to the DIPNC for death payments of \$138,394, \$142,478, and \$142,065, respectively. These contributions represented 0.16% of covered payroll, respectively.

Wayne County Board of Education Notes to Financial Statements

2. Accounts Payable

Accounts payable as of June 30, 2014, are as follows:

	Vendors	Salaries and benefits	Total
Governmental activities:			
General	\$ 748,230	\$ 1,461,504	\$ 2,209,734
State Public School	-	3,945,494	3,945,494
Federal Grants	-	295,784	295,784
Total governmental activities	\$ 748,230	\$ 5,702,782	\$ 6,451,012
Business-type activities:			
School food service	\$ 82,529	\$ 44,136	\$ 126,665
Total business-type activities	\$ 82,529	\$ 44,136	\$ 126,665

3. Deferred Inflows of Resources

The balance in deferred inflow of resources at year-end is composed of the following elements:

	Deferred Inflows
Sales tax refunds receivable (State Public School Fund)	\$ 768
Sales tax refunds receivable (Federal Grants Fund)	56,796
Sales tax refunds receivable (Individual Schools)	21,994
	\$ 79,558

4. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board carries commercial coverage for all risks and loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Board owned facilities and properties are not located within a designated flood plan. Based upon this designation, the Board has not purchased flood insurance through the National Flood Insurance Plan.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits up to a \$5 million lifetime limit. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan. In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time of the Board's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$175,000. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

5. Contingent Liabilities

At June 30, 2014, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

Wayne County Board of Education Notes to Financial Statements

6. Long-Term Obligations

a. Installment Purchase

The Board is authorized by State law [G.S.115C-47 (28a)] to enter into installment purchase contracts to finance energy conservation measures that will reduce its operating costs. In July 2005, the Board entered into such contracts to reduce the energy costs associated with the various schools in the Wayne County school system. The financing contract requires annual principal payments for 13 years beginning in fiscal year 2007; with interest rate being 3.49%. Principal payments remaining are \$1,025,568. In September 2008, the Board entered into a contract to reduce the energy costs associated with various schools in the Wayne County School System. The financing contract requires annual principal payments for 13 years beginning in fiscal year 2010; with interest rate being 5.5133%. Principal payments remaining are \$7,744,273.

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement by Mercedes Benz Financial Services USA LLC at total payments less than the purchase price.

In June 2012, the Board received one bus on an installment purchase contract, which requires installment payments of \$20,892, with maturity in fiscal year 2015.

In August 2012, the Board received three buses on an installment purchase contract, which requires installment payments of \$61,700, with maturity in fiscal year 2015.

The financing arrangement requires an initial payment ten days following delivery then annually in November thereafter. Should delivery occur before November of the year, another payment shall be due in November of same year. Therefore in the initial year of the contract, two payments may be required.

The future minimum payments of the installment financing and energy savings contract as of June 30, 2014, including \$4,013,741 of interest, are as follows:

Year Ended June 30,	Installment Financing		Guaranteed Energy Savings Contract		Totals	
	Principal		Principal	Interest	Principal	Interest
2015	\$ 82,592		\$ 466,397	\$ 458,413	\$ 548,989	\$ 458,413
2016	-		508,645	438,076	508,645	438,076
2017	-		553,802	115,602	553,802	115,602
2018	-		474,274	391,577	474,274	391,577
2019	-		339,240	373,070	339,240	373,070
2020-2024	-		2,423,662	1,533,621	2,423,662	1,533,621
2025-2029	-		4,003,821	703,382	4,003,821	703,382
Principal payments	\$ 82,592		\$ 8,769,841	\$ 4,013,741	\$ 8,852,433	\$ 4,013,741

Wayne County Board of Education Notes to Financial Statements

b. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2014:

Governmental activities:	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Current Portion
Installment purchases	\$ 165,183	\$ -	\$ 82,591	\$ 82,592	\$ 82,592
Energy savings contract	9,196,731	-	426,890	8,769,841	548,989
Compensated absences	12,088,523	-	184,127	11,904,396	2,976,099
Total	\$ 21,450,437	\$ -	\$ 693,608	\$ 20,756,829	\$ 3,607,680
Business-type activities:					
Compensated absences	\$ 328,417	\$ -	\$ 3,243	\$ 325,174	\$ 81,294

Compensated absences are typically liquidated by the general and other governmental funds.

c. Interfund Balances and Activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2014, consist of the following:

From the State Public School Fund to the School Food Service Fund for administrative costs	\$ 59,133
--	-----------

See Note II, A, 3 for interfund balances.

d. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 89,290,927	\$ 756,027
less: long-term debt	82,592	-
Net investment in capital asset	\$ 89,208,335	\$ 756,027

e. Fund Balance

The Board of Education has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-Board of Education fund, Board of Education funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 5,537,824
Less:	
Inventories	1,160,429
Stabilization by State Statute	280,429
Appropriated Fund Balance in 2015 budget	3,128,664
Remaining Fund Balance	\$ 968,302



Wayne County Board of Education Notes to Financial Statements

NOTE III. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Board has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

NOTE IV. Subsequent Events

Management has evaluated subsequent events through December 4, 2014, the date on which the financial statements were available to be issued.

Wayne County Board of Education, North Carolina
General Fund Schedule of Revenues, Expenditures, and Changes in Fund
Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2014
Schedule 1

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
State of North Carolina:			
More at Four	\$ 920,000	\$ 928,260	\$ 8,260
Total	920,000	928,260	8,260
Wayne County appropriation	19,017,994	19,017,994	-
U.S. Government:			
ROTC	350,000	315,331	(34,669)
Department of Defense	436,911	13,960	(422,951)
Impact Aid	500,000	449,769	(50,231)
Medicaid Reimbursement	250,000	296,699	46,699
Total	1,536,911	1,075,759	(461,152)
Other:			
Fines and forfeitures	500,000	497,909	(2,091)
Sales tax refund	88,000	115,106	27,106
Golden LEAF STEM Learning Center Grant	100,000	505,754	405,754
Insurance settlement	100,000	134,238	34,238
Interest earned on investments	10,000	21,624	11,624
Indirect cost allocated	630,000	599,763	(30,237)
Other	5,000	8,326	3,326
Total	1,433,000	1,882,720	449,720
Total revenues	22,907,905	22,904,733	(3,172)
Expenditures:			
Instructional services:			
Regular instructional services:			
Regular curricular services		5,946,826	
CTE curricular services		566,149	
Total	7,498,843	6,512,975	985,868
Special populations services:			
Children with disabilities curricular services		912,106	
Special population CTE curricular services		59,624	
Pre-K children with disabilities		914	
Speech and language pathology curricular services		106,859	
Academically gifted		36,642	
Limited English proficiency services		18,640	
Total	1,180,610	1,134,785	45,825
Alternative programs services:			
Alternative instructional		31,559	
Attendance and social work		33,290	
Remedial and supplemental		11,028	
Alternative instructional services Pre-K readiness		962,330	
Total	1,065,318	1,038,207	27,111

Wayne County Board of Education, North Carolina
General Fund Schedule of Revenues, Expenditures, and Changes in Fund
Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2014
Schedule 1

	Budget	Actual	Variance Favorable (Unfavorable)
School leadership services	420,955	390,045	30,910
Co-curricular services	794,194	794,193	1
School-based support services:			
Educational media services		314,495	
Student accounting		39,585	
Guidance services		135,477	
Health services		40,363	
Safety and security support services		75,341	
Total	701,536	605,261	96,275
System-wide support services:			
Support and development:			
Regular curricular support and development services		344,985	
CTE curricular support and development services		96,630	
Total	451,430	441,615	9,815
Special population support and development:	15,000	-	15,000
Alternative programs & services support & development services:	25,859	21,760	4,099
Technology support services	154,569	124,657	29,912
Operational support:			
Communication services		118,996	
Printing and copying services		94,943	
Public utility and energy services		4,773,371	
Custodial/housekeeping services		680,405	
Transportation services		1,597,364	
Maintenance services		3,935,049	
Total	11,492,898	11,200,128	292,770
Financial and human resource:			
Financial services		137,005	
Human resources services		25,724	
Total	195,680	162,729	32,951
System-wide pupil support:			
Health support		5,576	
Total	5,576	5,576	-
Policy, leadership and public relations:			
Board of Education		352,412	
Legal services		39,852	
Audit services		39,000	
Office of Superintendent		69,315	
Deputy, Associate, and Assistants		57,467	
Public relations		182,694	
Total	851,389	740,740	110,649

Wayne County Board of Education, North Carolina
General Fund Schedule of Revenues, Expenditures, and Changes in Fund
Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2014
Schedule 1

	Budget	Actual	Variance Favorable (Unfavorable)
Ancillary services:			
Nutrition	7,313	6,941	372
Non-program charges:			
Payments to other governmental units	370,001	370,000	1
Debt service:			
Energy savings contract		426,890	
Interest & other charges		476,753	
Total	903,643	903,643	-
Total expenditures	26,134,814	24,453,255	1,681,559
Revenues over (under) expenditures	(3,226,909)	(1,548,522)	1,678,387
Other financing sources:			
Fund balance appropriated	3,226,909	-	(3,226,909)
Total other financing sources	3,226,909	-	(3,226,909)
Net change in fund balance	\$ -	(1,548,522)	\$ (1,548,522)
Fund balance, beginning		7,086,346	
Fund balance, ending		\$ 5,537,824	

Wayne County Board of Education, North Carolina
Capital Outlay Schedule of Revenues, Expenditures, and Changes in Fund
Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2014
Schedule 2

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
State of North Carolina			
Public School Building Capital Fund Lottery		\$ 1,281,428	
State appropriations - buses		82,591	
Total State of North Carolina	\$ 1,110,000	1,364,019	\$ 254,019
Wayne County			
General county revenues		1,383,297	
Total Wayne County	2,711,504	1,383,297	(1,328,207)
Other			
Interest income		2,475	
Insurance proceeds		55,179	
Sale tax refund		4,246	
Sale of assets		7,544	
Rental of school property		32,370	
Total other	-	101,814	101,814
Total revenues	3,821,504	2,849,130	(972,374)
Expenditures			
Capital outlay:			
Real property and buildings:			
Other building projects		447,356	
Brogden Primary		4,913	
Carver Elementary		134,900	
Carver Heights		7,875	
Charles B. Aycok		71,280	
Dillard Middle		57,575	
Eastern Wayne Elementary		10,200	
Eastern Wayne High		550,362	
Eastern Wayne Middle		44,200	
Edgewood Community Development		13,100	
Goldsboro High		1,601	
Grantham		6,533	
Greenwood Middle		15,775	
Meadow Lane Elementary		57,913	
Mount Olive Middle		117,000	
Rosewood High		37,278	
Rosewood Middle		15,500	
Total land and buildings	1,850,076	1,593,361	256,715

Wayne County Board of Education, North Carolina
Capital Outlay Schedule of Revenues, Expenditures, and Changes in Fund
Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2014
Schedule 2

	Budget	Actual	Variance Favorable (Unfavorable)
Buses and motor vehicles:			
Central office	817,409	-	817,409
Total buses and motor vehicles:	817,409	-	817,409
Debt service:			
Principal	82,591	82,591	-
Total debt service	82,591	82,591	-
Total expenditures	2,750,076	1,675,952	1,074,124
Revenues over expenditures	1,071,428	1,173,178	101,750
Other financing sources (uses)			
Transfer to County for debt repayment	(1,071,428)	(1,071,428)	-
Total other financing sources (uses)	(1,071,428)	(1,071,428)	-
Net change in fund balance	\$ -	101,750	\$ 101,750
Fund balance, beginning		852,334	
Fund balance, ending		\$ 954,084	

Wayne County Board of Education, North Carolina
Schedule of Revenues and Expenditures Budget and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2014
Schedule 3

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues			
Food sales	\$ 1,545,000	\$ 1,315,253	\$ (229,747)
Other operating revenues	13,000	18,471	5,471
Total operating revenues	1,558,000	1,333,724	(224,276)
Operating expenditures			
Business support services:			
Purchased food		2,453,353	
Donated commodities		644,205	
Salaries and benefits		4,056,252	
Indirect costs		429,226	
Materials and supplies		357,415	
Utilities		32,359	
Repairs and maintenance		37,192	
Contracted services		49,496	
Other		10,891	
Total business support services	9,280,000	8,070,389	1,209,611
Capital outlay	125,000	123,355	1,645
Total operating expenditures	9,405,000	8,193,744	1,211,256
Operating loss	(7,847,000)	(6,860,020)	986,980
Non-operating revenues			
Federal reimbursement		6,429,472	
Federal commodities		644,205	
State reimbursement		16,415	
Interest earned on investments		9,131	
Total non-operating revenues	7,423,000	7,099,223	(323,777)
Excess of revenues over (under) expenditures before other financing sources	(424,000)	239,203	663,203
Other financing sources			
Fund balance appropriated	371,000	-	(371,000)
Transfers from other funds	53,000	59,133	6,133
Total other financing sources	424,000	59,133	(364,867)
Excess of revenues and other sources over expenditures	\$ -	298,336	\$ 298,336
Reconciliation of modified accrual to full accrual basis			
Reconciling items:			
Depreciation		(33,886)	
Increase in compensated absences		3,243	
Decrease in inventory		(18,382)	
Acquisition of capital assets		123,355	
Change in net position (full accrual)		\$ 372,666	



Carr, Riggs & Ingram, LLC
2805 North Park Drive
Goldsboro, North Carolina 27532

Mailing Address:
P.O. Box 10588
Goldsboro, North Carolina 27532-0588

(919) 751-8297
(919) 778-0575 (fax)
www.cricpa.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Wayne County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Wayne County Board of Education, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprises the Wayne County Board of Education's basic financial statements, and have issued our report thereon dated December 4, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wayne County Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wayne County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wayne County Board of Education's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wayne County Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Car, Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 4, 2014



Carr, Riggs & Ingram, LLC
2805 North Park Drive
Goldsboro, North Carolina 27532

Mailing Address:
P.O. Box 10588
Goldsboro, North Carolina 27532-0588

(919) 751-8297
(919) 778-0575 (fax)
www.cricpa.com

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Wayne County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Wayne County Board of Education, North Carolina's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Wayne County Board of Education's major federal programs for the year ended June 30, 2014. The Wayne County Board of Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Wayne County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Wayne County Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Wayne County Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the Wayne County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Wayne County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Wayne County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Wayne County Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carly Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 4, 2014



Carr, Riggs & Ingram, LLC
2805 North Park Drive
Goldsboro, North Carolina 27532

Mailing Address:
P.O. Box 10588
Goldsboro, North Carolina 27532-0588

(919) 751-8297
(919) 778-0575 (fax)
www.cricpa.com

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY APPLICABLE SECTIONS OF OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Wayne County, North Carolina

Report on Compliance for Each Major State Program

We have audited the Wayne County Board of Education, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Wayne County Board of Education's major state programs for the year ended June 30, 2014. The Wayne County Board of Education's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Wayne County Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Wayne County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However our audit does not provide a legal determination of the Wayne County Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Wayne County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Wayne County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Wayne County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Wayne County Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carly Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 4, 2014

**Wayne County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses _____ yes X none reported
- Noncompliance material to financial statements noted _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses _____ yes X no

Type of auditor's report issued on compliance for major federal programs: Unmodified for all federal programs,

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 _____ yes X no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.553, 10.555	Child Nutrition Cluster
84.395	ARRA – Race to the Top
84.388	ARRA – School Improvement Grant
84.365	English Language Acquisition Grant
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B Programs \$ 664,741

Auditee qualified as low-risk auditee? X yes _____ no



**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014**

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Cost

None reported.

**Wayne County Board of Education, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2014**

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Cost

None reported.

**Wayne County Board of Education, North Carolina
Summary of Prior Audit Findings
For the Fiscal Year Ended June 30, 2014**

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Cost

None reported.

**Wayne County Board of Education, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2014**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/Pass through Grantor's Number	Expenditures
Federal Grants:			
Cash Programs:			
<u>U.S. Department of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed-through the N.C. Department of Public Instruction			
<u>Child Nutrition Cluster</u>			
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555, 10.559		\$ 644,205
Cash Assistance			
School Breakfast Program/National School Lunch Program	10.553, 10.555		6,383,424
Fresh Fruits and Vegetables Program	10.582		44,173
Summer Food Service Program	10.559		1,875
Cash Assistance Subtotal			6,429,472
Total Child Nutrition Cluster			7,073,677
Total U.S. Department of Agriculture			7,073,677
 <u>U.S. Department of Education</u>			
<u>Office of Elementary and Secondary Education</u>			
<u>Direct Programs</u>			
Impact Aid (School Assistance in Federally Affected Areas)	84.041		449,769
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Education Agencies (Title I Part A of ESEA)			
Grants to Local Education - Basic and Concentration, Title I	84.010	PRC 050	5,305,054
Title I Grants to Local Education Agencies (Title I Part A of ESEA)			
School Improvements	84.010	PRC 105	93,546
Total Title I Grants to Local Education Agencies (Title I)			5,398,600
School Improvement Cluster			
ARRA - School Improvement Grant	84.388	PRC 143	692,512
21st Century Community Learning	84.287	PRC 110	188,905
English Language Acquisition Grants	84.365	PRC 104, 111	630,717
Improving Teacher Quality	84.367	PRC 103	1,160,512
RTTT Recruitment Incentive for Lowest Achieving Schools	84.395	PRC 158	2,447
ARRA - Race to the Top	84.395	PRC 156	904,413
State Personnel Development	84.323	PRC 082	5,502

**Wayne County Board of Education, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2014**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/Pass through Grantor's Number	Expenditures
<u>Office of Special Education and Rehabilitative Services</u>			
Passed-through the N.C. Department of Public Instruction			
<u>Special Education Cluster:</u>			
Individuals with Disabilities Education Act			
Special Needs Targeted Assistance	84.027	PRC 070	536,525
Special Needs Targeted Assistance	84.027	PRC 118	240,508
Targeted Assistance for Pre-school Education of the Handicapped	84.173	PRC 119	1,217
Pre-School Handicapped Grant	84.027	PRC 060	3,454,793
Children with Disabilities - Risk Pool	84.173	PRC 049	104,650
	84.027	PRC 114	22,660
Total Special Education Cluster			4,360,353
Passed-through the N.C. Department of Public Instruction			
Career and Technical Education - Capacity Building Grant	84.048	PRC 017	266,587
Total U. S. Department of Education			14,060,317
<u>U.S. Department of Health and Human Services</u>			
<u>Health Resources and Services Administration</u>			
Passed through the N.C. Department of Health and Human Services			
Medical Assistance Program - Medicaid	93.778		296,699
<u>U.S. Department of Defense Education Activity</u>			
Passed-through the N.C. Department of Public Instruction:			
Ready STEM: A Framework for 21st Century Instruction	12.556		13,960
<u>U.S. Department of Defense</u>			
<u>Direct Program</u>			
ROTC	None	PRC 031	315,331
Total Federal Cash Assistance			21,115,779
Total Federal Assistance			21,759,984

**Wayne County Board of Education, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2014**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/Pass through Grantor's Number	Expenditures
State Grants:			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund			101,231,919
Driver Training - SPSF	PRC 012		322,948
School Technology Fund - SPSF	PRC 015		4,803
Vocational Education			
-State Months of Employment	PRC 013		4,786,920
-Program Support Funds	PRC 014		253,803
Total N.C. Department of Public Instruction			106,600,393
Passed-through Wayne County:			
Public School Building Capital Fund	PRC 74		1,281,428
<u>N.C. Department of Health & Human Services</u>			
Division of Child Development:			
More at Four			928,260
<u>Other State Assistance</u>			
State Breakfast Program			16,415
Non-Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
Buses (Noncash)	PRC 120		82,591
Total State Assistance			108,909,087
Total Federal and State Assistance			\$ 130,669,071

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1 Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Wayne County Board of Education and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.